



Office of Inspector General

Administration Workpaper

Prepared by Lisa Bergman 06/27/2017

Assignment: 2017 - 5455 - OA-FY17-0123 - CSB FY 2017 Proposed Management Challenges and Internal Control Weaknesses

Area: 554

Goal: Effective Management

Type: PERFORMANCE/PROGRAM Subtype: Not Used

Assignment Period: 01/18/2017 through 06/08/2017

Section: D

Assignment Guide Name: Background, Criteria and Review for MCICW Updates

Origination Doclink: 

Subject: R1 -- Final List of 2017 MCICW, with Justification for Removal of 2016 MCICW Subsection: D.06.01

	Initials	Date
Preparer	LAB	7/6/2017
PM	RPH	Approved. 7-10-17
PLD	MD	Approved. 08/02/17

Purpose: Prepare the final list of 2017 MCICW and justify/support removing the 2016 MCICWs.

Source:

1. Anna Brown, Director of Administration and Audit Liaison/CSB, 1750 Pennsylvania Avenue, NW, Suite 910, Washington, D.C. 20006 202-261-7639

Office of Inspector General (OIG), Office of Audit (OA)/ staff

2. Michael D. Davis, Product Line Director (PLD)/OA Efficiency Audits (EA), Cincinnati, OH







513-487-2363 CSB Management Challenges for 2017, Final 4-4-2017.docx RPH





3. Randy Holthaus, Program Manager/OIG/OA EA, Dallas, TX 214-665-6620

4. Lisa Bergman, Auditor-in-Charge/OIG/OA EA, Dallas, TX 214-665-6511


5. Kevin Christensen, Assistant Inspector General for Audit (AIGA), HQ EPA/OIG, Washington, D.C. 202-566-1007

Scope: The audit team combined the results of the CSB update brainstorming meeting on January 18, 2017 (See D.05  **RPH**, Conclusions) with the IG's agreement to close three outstanding recommendations in February 2017 (See A.03.01  **RPH**, Conclusion & letter issued to CSB February 10, 2017) to remove the three management challenges and one internal control weakness (with two parts) from the 2016 report. Anna Brown, Source 1, provided many of the CSB generated documents that support corrective actions taken. PLD Davis (**Source 2**) developed and provided the justification to remove the 2016 MCICWs. See the Details section for each MCICW to be removed and the support for that action.


We **decided** to add the management challenge identified by the CSB chair in our CSB listening meeting on February 15, 2017 (See C.02  **RPH**, Conclusion 2) to the 2017 report. We placed the added MCICW and support in workbook (D.06.02  **RPH**).


Conclusion: We **decided** to remove all three of the MCs and the one ICW (with two parts) of the 2016 report for the 2017 report. We based our evaluation of the 2016 MCICWs for removal from the 2017 MC report on the results of the CSB update brainstorming meeting on January 18, 2017  and the February 2017 IG letter to CSB agreeing to close three outstanding recommendations.  PLD Davis prepared the CSB Management Challenges for 2017 in the Word document at Source 2.  We provided justification and support for removing each of the MCICWs in the Details section B. 

Details:

A. The 2016 MCICW reported three management challenges and 2 internal control weaknesses. (See 2016 report in D.01  **Source 1 Word Document, At-A-Glance on e-page 3 RPH**)

- Management challenges that we reported in FY16:
 1. CSB Should Continue to Address Employee Morale
 2. CSB Should Increase Its Investigations and Improve Investigative Management Controls
 3. CSB Should Determine the Need for a Chemical Reporting Regulation
- Internal control weaknesses that we reported in FY16:
 - CSB Should Address Operational Controls
 1. Purchase Card Controls
 2. Program Operation Controls

A.1. During the CSB update brainstorming meeting on January 18, 2017 (See D.05  **Conclusions**), we agreed to remove MC 1 and both of the ICWs for the 2017 report.

A.2. In February 2017, the IG agreed to close three outstanding recommendations (See A.03.01  **Conclusion & letter issued to CSB February 10, 2017 RPH**) as requested by the CSB. Excerpt from the IG's response letter:

I received your January 16, 2017, letter and acknowledge it to be the U.S. Chemical Safety and


Hazard Investigation Board's (CSB's) Management Decision for the Office of Inspector General (OIG) recommendations in *OIG Report Number 11-P-0115, Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations*, issued February 5, 2011. The report contained seven recommendations, and corrective actions were previously completed for four of them. Your letter addresses the remaining three recommendations:

- Recommendation #2: Develop and publish a regulation requiring persons to report chemical accidents, as required by the Clean Air Act.
- Recommendation #3: Follow up with Congress on the CSB request for clarification of its statutory mandate. Upon receipt of the response, develop a plan to describe and address the investigative gap, address prior audit recommendations, and request the necessary resources to meet CSB's statutory mandate.
- Recommendation #6e: Take corrective actions that will satisfy prior audit recommendations by updating and formalizing Board Orders that are essential to facilitate and manage effective and efficient control activities. Specifically, update: Board Order 028, "Executive Administrative Functions of the Board," to document the role and responsibility of the Managing Director position.

The audit team accepts the CSB Management Decision as the final action and will close the recommendations as required by paragraph 5(e)(6) of the Inspector General Act of 1978, as amended.

Auditor conclusion: Recommendation #2 is the source of 2016 MC 3 and Recommendation #3 is the source of 2016 MC 2. Closing these recommendations and removing the associated MCs was the subject of much debate among the OIG staff/managers while the IG's position and response was formed. The audit team, OA/AIG Kevin Christensen, the DIG Sheehan and IG Elkins agreed that the closing of these two recommendations removes the two corresponding management challenges from the FY 2017 MC review/report. RPH


B. Justification and Support to Remove 3 MCs and 2 ICWs


Copied the justification to remove the 2016 MCICWs from the CSB Management Challenges for 2017 Word document at Source 2. 



CSB Management Challenges Removed

1. CSB Improved Employee Morale


The morale of CSB employees improved significantly with the confirmation of the current Chairperson and Board Members. The Federal Employee Viewpoint Survey (FEVS) for 2016, administered by the Office of Personnel Management (OPM), provided CSB employees with the opportunity to provide feedback related to their work experience, the agency and agency leadership. The participation rate of CSB for the 2016 FEVS was almost 92%. The FEVS results showed significant increases indicating positive strides in employee morale. CSB experienced


multiple questions that demonstrated positive gains in the 2016 FEVS. **(FEVS Interpretation  , page 1, 1st para RPH)**


- “Overall, how good a job do you feel is being done by the manager directly above your immediate supervisor?” Increased from 19 in 2015 to 56 in 2016 (37% change).
- “Managers communicate the goals and priorities of the organization.” Increased from 18 in 2015 to 52 in 2016 (34% change).
- “How satisfied are you with the information you receive from management on what's going on in your organization?” Increased from 16 in 2015 to 45 in 2016 (29% change). **(FEVS Interpretation  , bottom of page 1 and top of page 2)**

Specifically, from 2015 to 2016, CSB experienced an increase of 14% in overall employee engagement, an index used to measure satisfaction with leadership and supervisors, opportunity to use skills, and satisfaction with intrinsic work experience. **(FEVS Interpretation  , last para page 2 RPH)** Further, in September 2016, the *Government Executive* published an article that identified CSB as one of the five small agencies that saw the biggest increase in satisfaction since 2015 in the 2016 Federal Employee Viewpoint Survey results. These trending results explain and justify the removal of employee morale as a management challenge for CSB. **(Gov Exec  , bottom of page 2 RPH)**




Justification/support

The 2016 FEVS Results  eOPF Results 2016 - Survey.pdf , the 2016 FEVS Results Interpretation

 eOPF Results 2016 - Interpretation.docx **RPH**, and the September 2016 *Government Executive* article


 Gov Executive Article, CSB Among Improved Employee Satisfaction 9-21-2016.pdf **RPH** support the statements for MC 1. Applicable statements are highlighted in these source documents and indexed into the narrative above.

2. CSB Increase in Investigations and Improved Management Controls



The CSB made substantial progress in conducting and resolving investigations in FY 2016. The CSB issued six investigation reports **(Impact Report  , page 3 RPH)** and closed 30 recommendations in FY 2016. **(Impact Report  , page 5 RPH, highlighted in red column on right)** CSB also developed an action plan to improve management controls that will assist the agency in determining what incidents to investigate along with timeframes for the investigations. The CSB action plan will assist CSB in conducting investigations more efficiently allowing them to conduct more timely investigations. As of FY 2016 CSB only had six open investigations, and of those investigations the oldest incident occurred in November 2014. **(Impact Report  , top of page 4, oldest is LaPorte)**

- DuPont LaPorte Facility Toxic Chemical Release



- Exxon Mobil Refinery Explosion
- Delaware City Refining Company
- Enterprise Product Partners
- Sunoco
- Airgas

The aforementioned activities assisted CSB in achieving results that produced, among other things, 85 presentations by the Board to stakeholder, 25 presentations by staff members to stakeholders, and four deployments initiated. **(Impact Report  , page 5, 2nd para)** Therefore, the former CSB management challenge the EPA-OIG identified to increase investigations and improve management controls will be removed.

Justification/support

The 2016 CSB Impact Report  [CSB_Impact_Report_2016_web.pdf](#) and the Agency Action Plan (dated 2-7-2017)  [Copy of Agency Action Plan - 02072017.xlsx](#) support the statements for MC 2. Applicable statements in the impact report are highlighted and indexed into the narrative above.

AND

The CSB's position and support to close Recommendation #3 in their request letter dated January 16, 2017. See **Details, A.2. above  and A.03.01, Details, B., Rec 3  , letter pdf, page 1 at bottom thru page 2.**

The impetus of this recommendation was an identical recommendation from 2008, issued by the U.S. Government Accountability Office (GAO) to CSB in report GA0-08-864R. Specifically, GAO asserted that the CSB's enabling legislation requires the Board to investigate any chemical accident resulting in a serious injury, death, or significant property damage throughout the country, which CSB is currently unable to do, given its current staff and funding levels. Since 2009, the CSB has requested clarification and, if necessary, minor statutory amendments, from its authorizing committees in Congress. The Clean Air Act Amendments state that "the Board shall investigate (or cause to be investigated), determine and report to the public in writing the facts, conditions, and circumstances and the cause or probable cause of any accidental release resulting in a fatality, serious injury, or substantial property damages." 42 U.S.C. §7412(r)(6)(c). Since the agency was funded in 1998, the Board has consistently interpreted this provision to provide discretion about which specific chemical accidents it should investigate, based on relative severity. We believe there is an important distinction between the authority to investigate *any* serious accident and a requirement to investigate *all* accidents. **RPH**

3. CSB Establish Chemical Reporting Regulation

CSB does not have the means nor need to establish a chemical reporting regulation. CSB explained "it receives adequate incident notification through constant media and Internet searches, as well as existing Federal sources such as the National Response Center." CSB concluded that because it receives adequate incident notifications from these sources that pursuing a duplicative and costly rulemaking process is not necessary. Further CSB clarified that

it has limited resources that preclude it having the capacity to collect or interpret much of the data it would receive, or the authority to seek enforcement action against any non-reporters. Such justification clearly warrants that the CSB management challenge to establish a chemical reporting regulation be removed.

Justification/support

The CSB's position and support to close Recommendation #2 in their request letter dated January 16, 2017. See **Details, A.2. above  and A.03.01, Details, B., Rec 2 , letter pdf, middle of page 1.**

In an April 2013 communication, the agency explained that, "it receives adequate incident notifications through constant media and Internet searches, as well as existing Federal sources such as the National Response Center."

It remains our conclusion that the CSB receives adequate incident notifications from the sources listed above, and a duplicative and costly rulemaking is not necessary at this time. It also is not possible to garner effective resources to create a new reporting program. Furthermore, the CAA established CSB almost 20 years ago with broad authority to execute its mission. Given these reasons, the CSB will not take any further action on this recommendation in the near future, and we now consider it closed. **RPH**

CSB Internal Control Weaknesses Removed

1. CSB Controls for Purchase Card

The CSB has improved its controls and lowered risks for its purchase card program. The OIG assessed the risk for the CSB purchase card as low in Report No. 16-P-0260, *CSB Has Improved Its Controls Over Purchase Cards*, issued August 11, 2016. CSB completed its corrective action plan to train in-house all its purchase card holders and approving officials by December 31, 2016 in response to the OIG findings and recommendations associated with its purchase card program. The training explained that prior written approval was required for purchases when using the CSB purchase card. Further, CSB conducted a cost benefit analysis and determined that of FY 2016 taxes paid in the amount of \$43 it would not justify the cost involved in trying to recoup the cost. In addition, the U.S. Department of the Treasury's Bureau of the Fiscal Services reviewed 58 FY 2015 CSB purchase card transactions as part of their annual review and did not identify any sales taxes paid. This indicates tax payments occurred very infrequently. The OIG, for FY 2017, is removing, CSB controls for purchase cards, as an internal control weakness.

Justification/support

See the **At-A-Glance on e-page 3 and CSB's response for Recommendation 2 on e-page 13.**



20160811 16-P-0260, CSB Improved over Purchase Cards.pdf **RPH**

See the **"Summary updated 10032016" tab in the Open Recommendation Status xls (was updated in December 2016), row 29** for record of the completed training.






Copy of Open ONLY Recommendation Status updated 12092016.xlsx

2. CSB Program Operation Controls

CSB implemented numerous corrective actions in FY 2016 and FY 2017 that improved its program operation controls. In February 2017 CSB completed its agency Action Plan to comply with the Government Performance and Results Act of 2010. CSB established performance indicators to hold staff accountable for performing key phases of the investigation process. Offices within CSB also established their own action plan to be more specific and in-line with the Agency's Action Plan. In June 2016, guidance was established, including a checklist, that required and directed CSB to evaluate contractor performance in the Contractor Performance Assessment Reporting System. The CSB's completed corrective actions to address the prior year internal control weakness of program operation controls warrants removal in FY 2017.

Justification/support

See documents and support described above in workpaper **CSB Corrective Actions for Prior Report Recommendations, D.01.02** , **Source 1.e. (1) RPH** CSB Agency Action Plan, dated 2-7-2017, xls  on tabs Strategic Goal 1, Strategic Goal 2 and Strategic Goal 3; and **e. (2)** CSB Performance and Accountability Report, dated 11-15-2016, pdf .

Status: Approved **Current Editor List:**

Level 1 approval: Approved
Level 2 approval: Approved

Send To:

Randy Holthaus Granted Mass Approval 08/03/2017 07:14:04 AM
MichaelD Davis Granted Mass Approval 08/03/2017 07:28:22 AM

Linkage Information

History

**U.S. Chemical Safety Board (CSB)
Management Challenge and Internal Control Weakness
Justification for Removal**

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CSB Management Challenge Added

Budget and Resource Constraints Hamper CSB Efforts to Attract, Hire, Retain and Train Qualified Staff

The CSB budget has not increased in about 15 years. Although the CSB has submitted justification requests over the years to increase their budget, Congress has not provided additional appropriations. Currently, of its \$11 million budget, the CSB has been provided funding of only about \$6.3 million from the fiscal year 2017 Continuing Resolution. In March 2016 the President's budget listed the CSB among 19 federal agencies the Administration would like to eliminate. Such budget constraints have had a significant impact on the agency's ability to attract, hire, and retain a well-qualified staff. As a result, those constraints have hindered the agency's ability to adequately respond to chemical incidents.

The CSB Chairperson identified stagnant budgets and resources as a major challenge to (1) attracting and keeping the right mix of technical staff onboard, (2) procuring necessary equipment for investigations and maintaining key databases, and (3) providing required and needed training to all staff but particularly to technical staff such as engineers. The Chairperson noted that physical science personnel are in demand and difficult to attract because such candidates can make much more money in the private sector. Many new scientists coming out of college are deciding to go work in private industry. The CSB's Board Order #8 establishes that the agency may pay a retention incentive to a current employee if they determine the person has unique qualifications or that the needs of the agency make it essential to retain the employee and they would likely leave the agency in the absence of an incentive. However, given budget constraints the ability to provide such incentives is limited at best.

The CSB continues to work on implementing a set of outstanding recommendations from the Office of Personnel Management (OPM) from 2015, before the current Chairperson was confirmed. OPM conducted a review of the CSB's HR systems to determine how effectively they are being managed. In March 2015, OPM issued its 18 recommendations to the former CSB chair and former HR director. The current CSB leadership developed an action plan to address OPM's recommendations and are still working toward completing those actions. Included among the 18 recommendations that OPM made were to create a workforce plan to identify and document competencies for mission critical occupations, as well as strategies to close the gaps; establish a hiring plan to ensure investigative teams are established with the competencies and specializations needed to perform the work; and, conduct an organizationally-based competency assessment to identify gaps which must be addressed through training efforts.

According to the current CSB Chairperson, the CSB has had a legacy of not focusing on the human resources (HR) function and ensuring the agency had the best and most talented workforce. The CSB recently hired a new HR manager with experience in the federal

government and he is currently developing succession plans for the agency and working to address a number of the other HR challenges the agency faces.